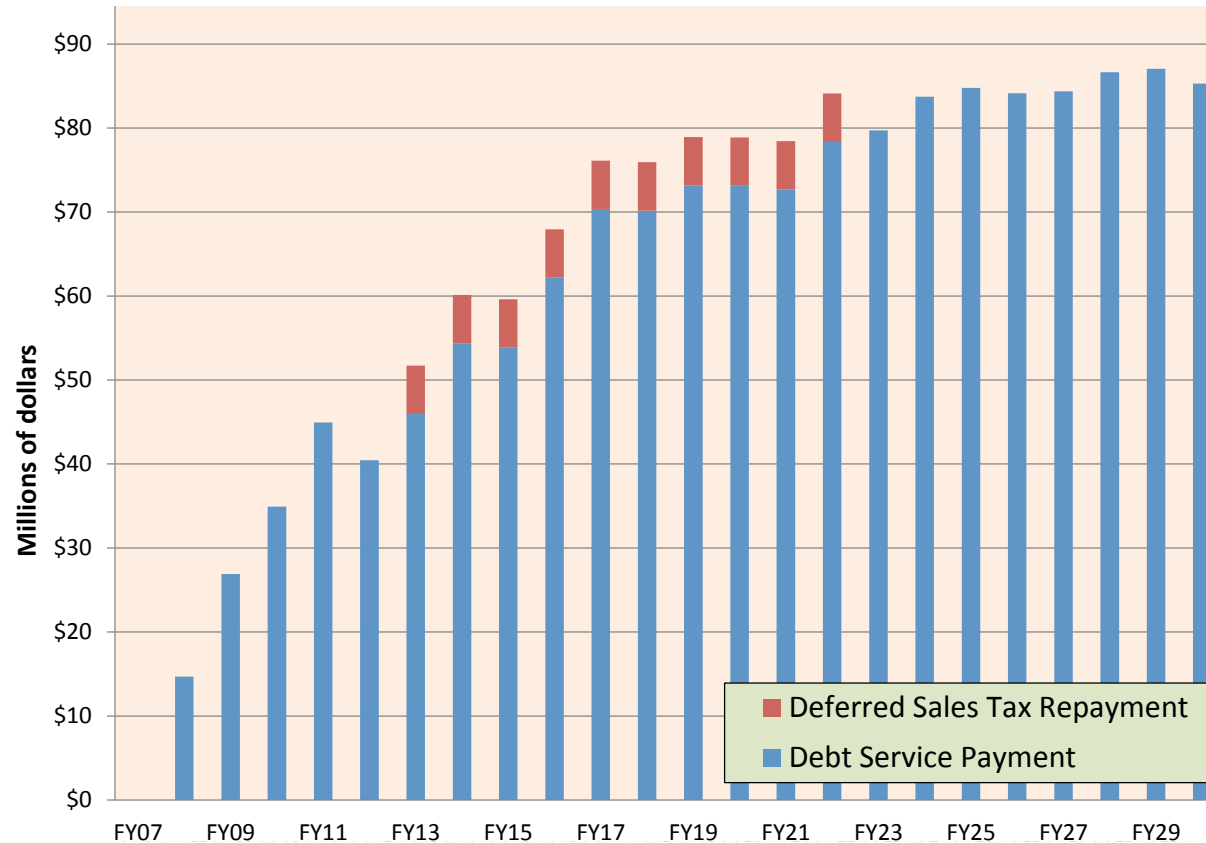


# Rate Setting Process

# TNB Debt Service Schedule

Debt service payments increase for next 12 years

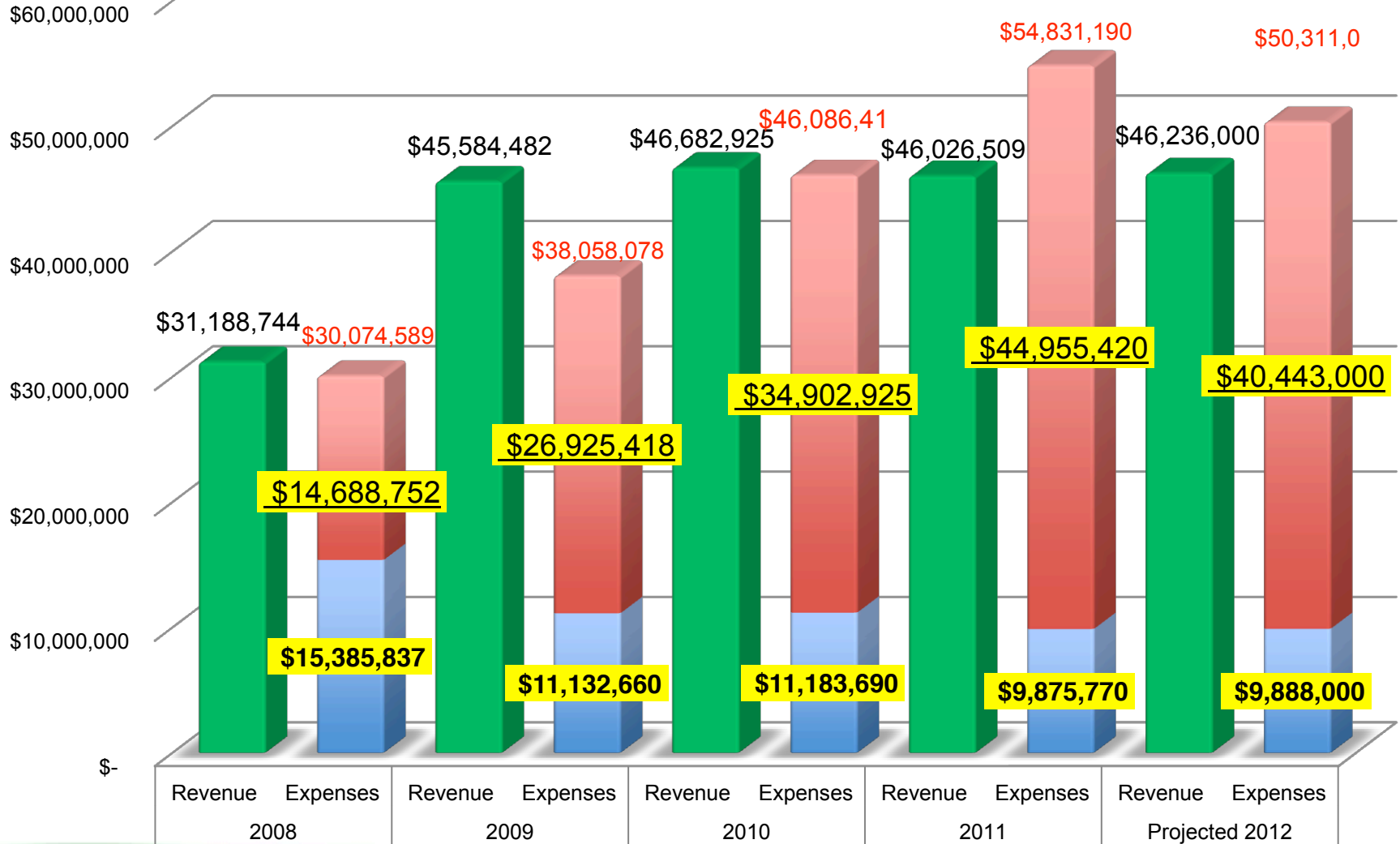


2002 plan toll rate	\$3.00		\$4.00		\$5.00		\$6.00	
Actual toll rate	N/A	\$1.75/ \$3.00	\$2.75/ \$4.00					

- The new Tacoma Narrows Bridge was funded through issuing bonds
- Debt service payment schedule was set when project was originally financed
- No option to refinance
- Payments and toll rates assumed to increase over time
- Repayment for deferred sales taxes to begin in December 2012 for ten years

# Tacoma Narrows Bridge: Revenue vs Expenses (FY 2008-2011)

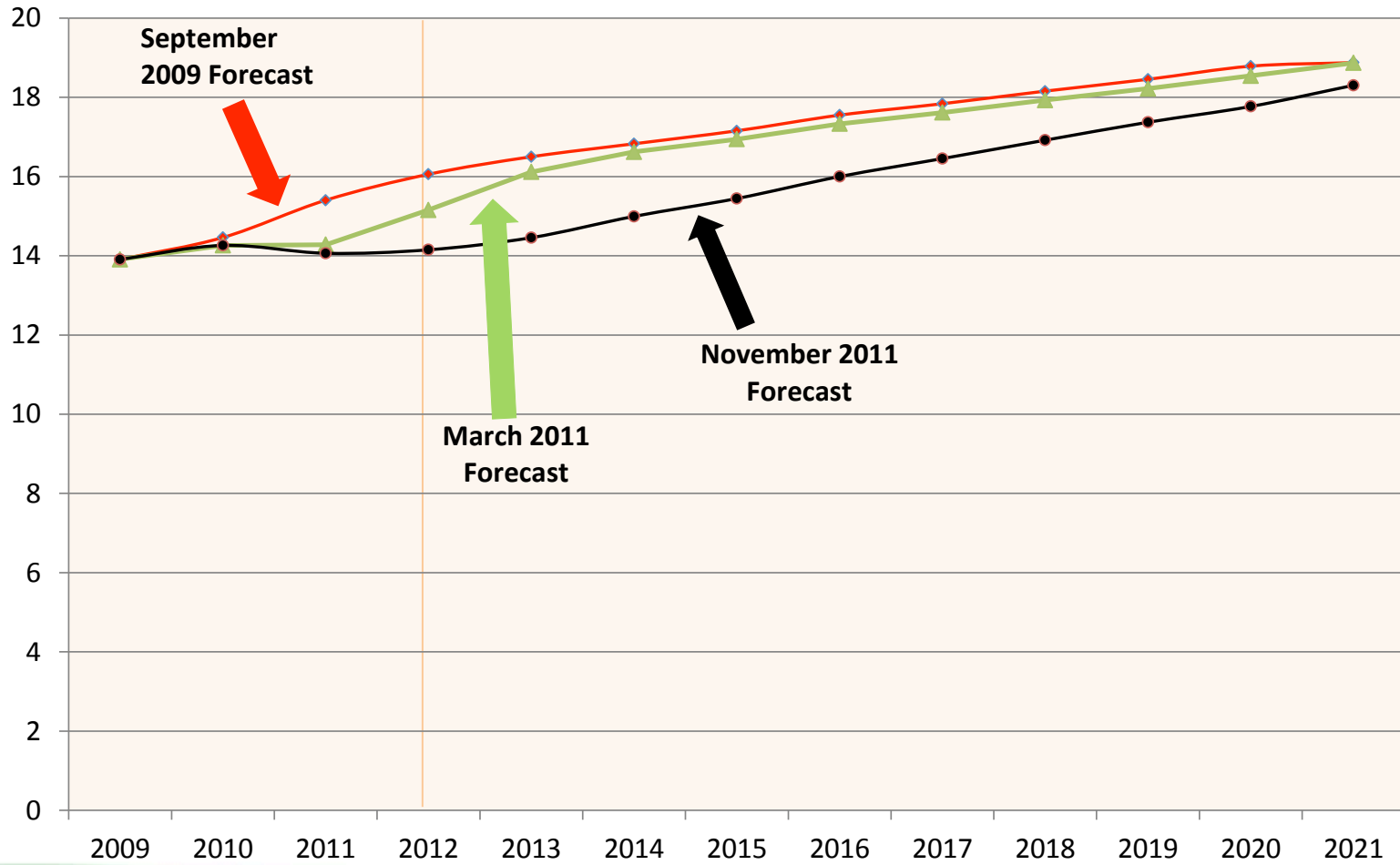
\*FY 2012 PROJECTED



■ O&M ■ DEBT SERVICE

# Effect of Economy on Traffic Forecasts

Annual Round Trip Traffic on TNB (in millions)



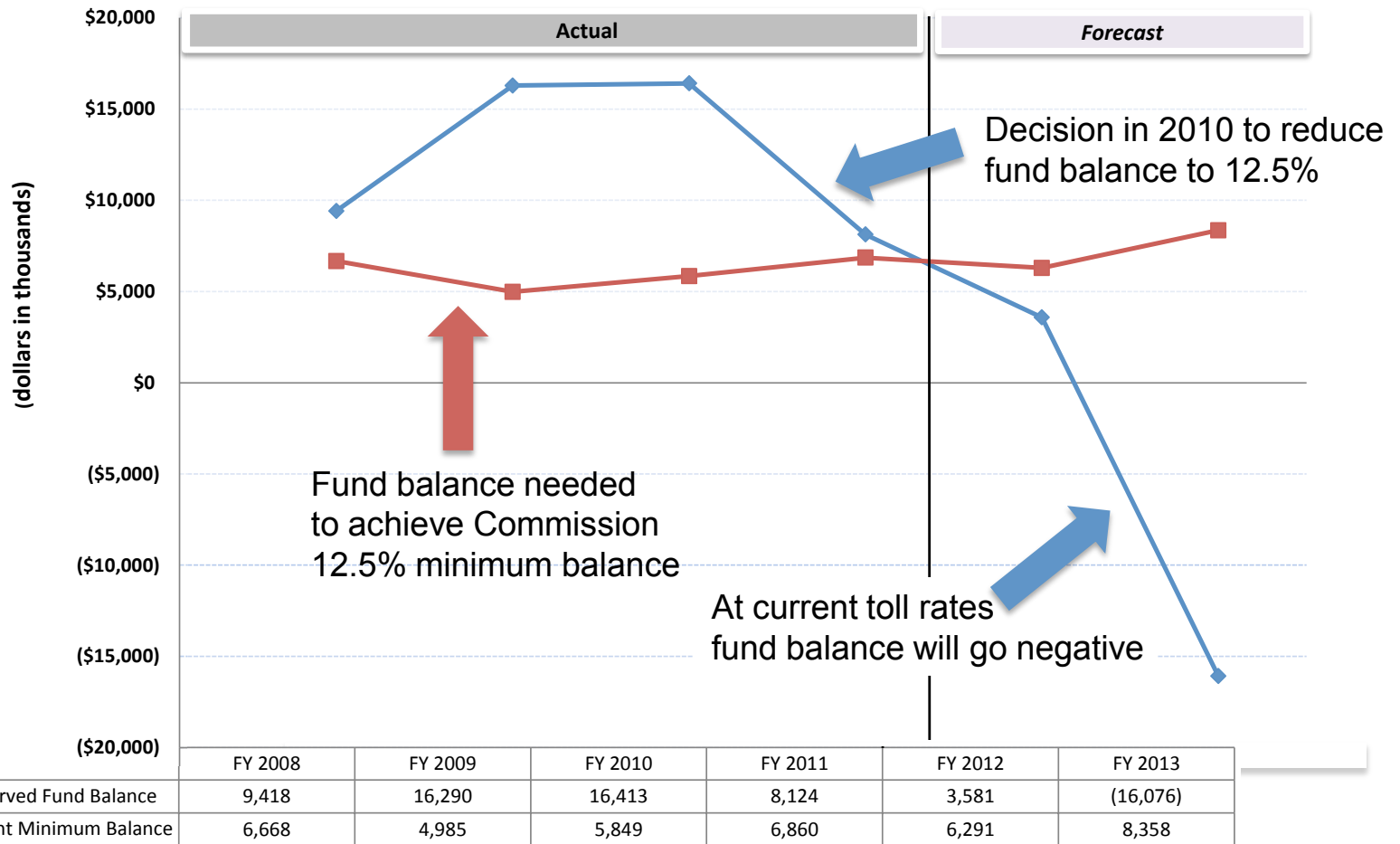
Note: The March 2011 and June 2011 forecasts were the same.

# What Rates Are Required?

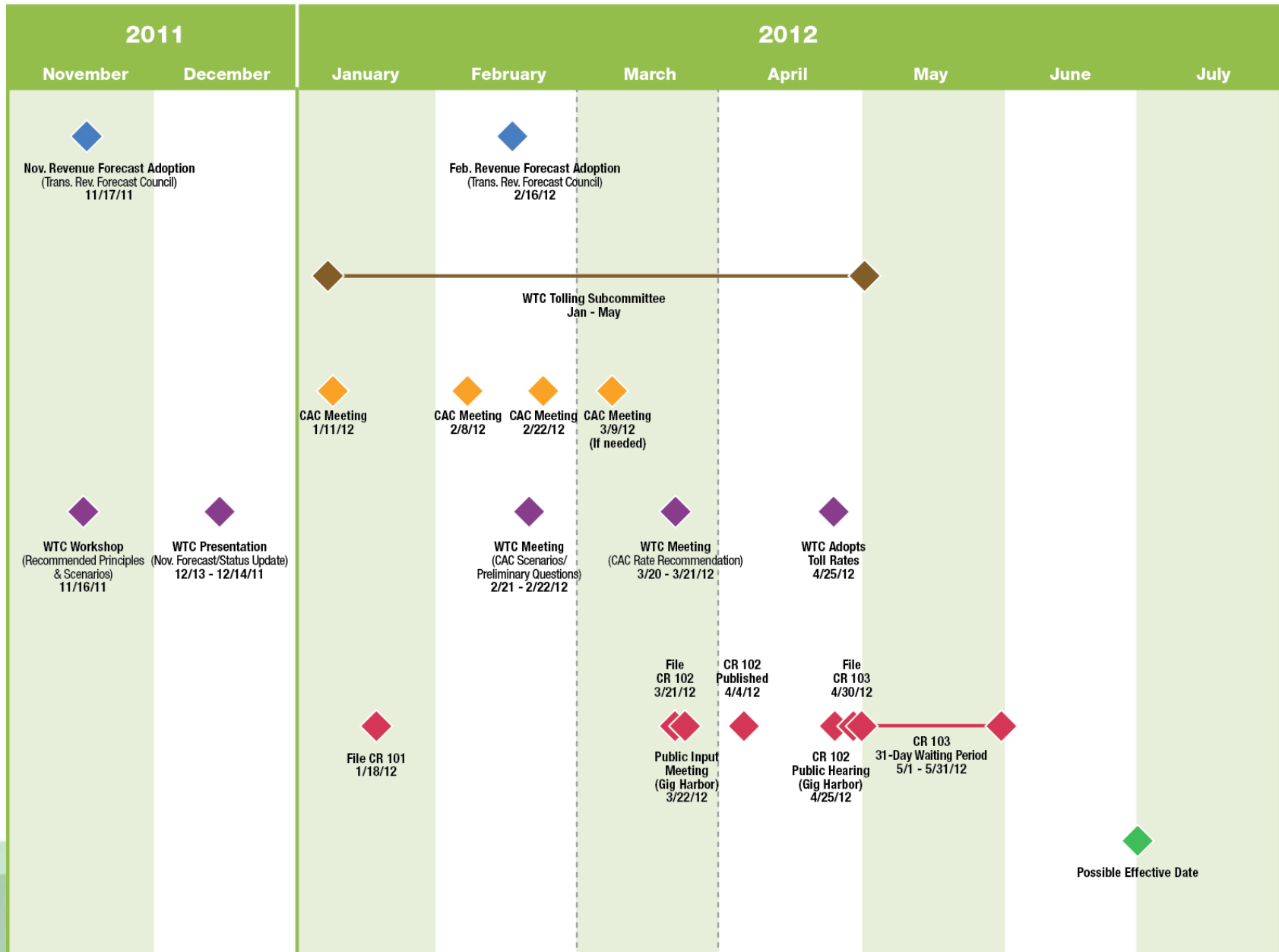
- Statute declares that rates must be “sufficient” to meet debt service obligations.
- Transportation Commission policy requires that the sufficient fund balance in the Tacoma Narrows Bridge account each year be 12.5% of annual debt service and expenditures.
- Prior forecasts suggested that a toll rate increase might not be needed before July 1, 2012.
- Rate increase was deferred in 2011, reflecting a conscious decision to lower fund balance to the 12.5% sufficient balance policy level.

# Why a Rate Increase is Needed

Fund balance will go negative at current toll rates



# Proposed Rate-setting Process



# Next Steps

- **Upcoming Citizen Advisory Committee Meetings:**
  - January 11: Evaluate scenarios
  - February 8: Presentation of scenario results and Q&A (preceded by WSDOT open house)
  - February 22: Answers to remaining questions, deliberation on recommendation
  - March 8: Hold meeting date if needed
  - March 20: Present recommendations to the Commission.
- **Baseline Toll Rate Scenarios currently in evaluation**